

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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Massachusetts Electric Company  
and  
Nantucket Electric Company

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Dockets D.T.E. 99-47 & 01-71

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**SERVICE QUALITY STANDARDS  
SETTLEMENT AGREEMENT**

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**SERVICE QUALITY STANDARDS SETTLEMENT AGREEMENT**

This Service Quality Standards Settlement Agreement (“SQS Settlement”) is jointly sponsored by the Associated Industries of Massachusetts; the Attorney General; the Division of Energy Resources; the Energy Consortium; and Massachusetts Electric Company (“Mass. Electric”) and Nantucket Electric Company (“Nantucket”) Mass. Electric and Nantucket collectively the “Company”)(together the “Parties”). The SQS Settlement amends the settlement reached in D.T.E. 99-47 (the “Settlement”) by revising the Company’s service quality plan for the period from January 1, 2002 through December 31, 2009. It is designed to address the directives of the Department of Telecommunication and Energy (“Department”) in D.T.E. 99-84. The SQS Settlement provides assurance that service quality in the Company’s service territory will be maintained and enhanced throughout the remainder of the decade.

The Parties have agreed on the following:

A. Amendment of the Settlement

Section I.C.7 of the Settlement is replaced with the following:

“7. Service Quality Plan. The Service Quality Plan set forth in Attachment 10 shall become effective for Mass. Electric on the Effective Date. As of January 1, 2002, the Service Quality Plan shall be revised in accordance with Attachment 10a, attached hereto (“Revised Service Quality Plan”). The Revised Service Quality Plan and the long term commitments associated with the Rate Plan in this Settlement comply fully with G.L. 164, § 1E. The Plan provides for a system of penalties and incentives that shall be determined annually through December 31, 2009. In addition, Mass. Electric shall collect and provide data on its performance in the format and to the same extent that the Department requires of other electric distribution companies in the State.”

B. Revised Service Quality Standards

The Parties agree that the Revised Service Quality Plan (the “Plan”) will provide benefits to customers. It aligns with the Department’s guidelines in D.T.E. 99-84 in many ways. Where the provisions of the Plan differ from the Department’s guidelines, in most cases they are stricter. The Plan’s historical benchmarks are updated each year, which will raise the bar for the Company with each year of improved performance. The ten year term of the Plan will encourage long term

improvement. Stricter penalties will accrue in the event of repeated poor reliability performance. In return for agreeing to stricter standards, it is appropriate that the Company be entitled to earn an incentive if it achieves superior performance.

C No Exogenous Factor Adjustment

If this SQS Settlement is approved and implemented, the Company shall waive any rights it may have to an Exogenous Factor that might otherwise be authorized under Section I.C.7 of the Settlement due to the implementation of the new Service Quality Plan in Attachment 10a.

D. Additional Provisions.

- The making of this SQS Settlement shall not be deemed in any respect to constitute an admission by any party of any allegation or contention in this proceeding.
2. The discussions which have produced this SQS Settlement have been conducted on the explicit understanding that all offers of settlement and discussions relating thereto are and shall be privileged, shall be without prejudice to the position of any party or participant presenting such offer or participating in any such discussions, and are not to be used in any manner in connection with these or any other proceedings.
  3. This SQS Settlement is expressly conditioned upon the Department's

acceptance of all provisions hereof without change or condition. In the event the Department does not by order accept it in its entirety, this SQS Settlement shall be deemed withdrawn, it shall not constitute any part of the record in this proceeding or be used for any other purpose, and each of its provisions shall be deemed to be null and void.

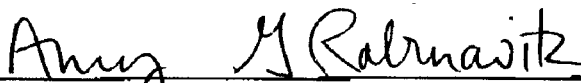
Respectfully submitted,

MASSACHUSETTS OFFICE OF THE ATTORNEY GENERAL  
By its attorney,

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Joseph Rogers  
Assistant Attorney General  
Chief, Regulated Industries Division  
200 Portland Street  
Boston, MA 02114

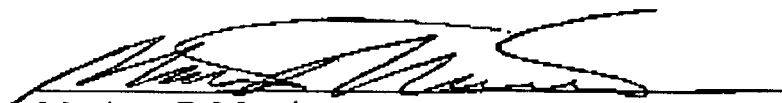
MASSACHUSETTS ELECTRIC COMPANY and  
NANTUCKET ELECTRIC COMPANY  
By their attorney,



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Amy G. Rabinowitz  
25 Research Drive  
Westborough, MA 01582

MASSACHUSETTS DIVISION OF ENERGY RESOURCES  
By its attorney,



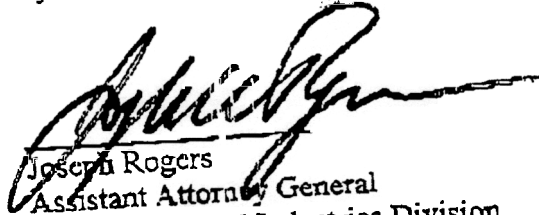
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Matthew T. Morais  
70 Franklin Street  
Boston, MA 02110

ASSOCIATED INDUSTRIES OF MASSACHUSETTS  
By its attorney,

Respectfully submitted,

MASSACHUSETTS OFFICE OF THE ATTORNEY GENERAL  
By its attorney,



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Assistant Attorney General  
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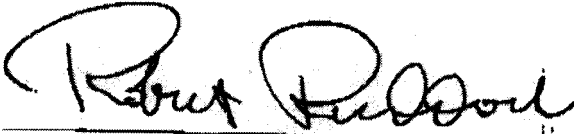
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Matthew T. Morais  
70 Franklin Street  
Boston, MA 02110

ASSOCIATED INDUSTRIES OF MASSACHUSETTS  
By its attorney,

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ASSOCIATED INDUSTRIES OF MASSACHUSETTS  
By its attorney,



Robert R. Ruddock, Esq.  
General Counsel  
222 Berkeley Street, Suite 13  
Boston, MA 02117-0763

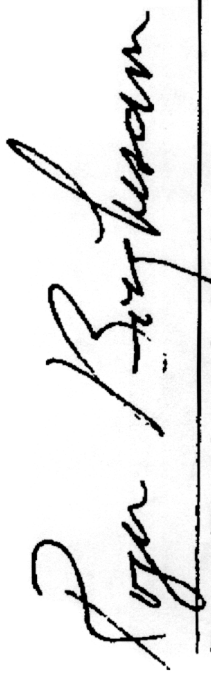
THE ENERGY CONSORTIUM

Roger Borghesani, Chairman  
24 Hastings Road  
Lexington, MA 02421

A. ASSOCIATED INDUSTRIES OF MASSACHUSETTS  
By its attorney

Robert R. Rundock, Esq  
General Counsel  
22 Berkeley Street, Suite  
Boston, MA 02 7 0763

THE ENERGY CONSORTIUM

  
Roger Borghesani, Chairman  
14 Hastings Road  
Lexington, MA 024